



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
HARDIN COUNTY SHERIFF**

Calendar Year 2000

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY
AUDIT EXAMINATION OF THE
HARDIN COUNTY SHERIFF

Calendar Year 2000

The Auditor of Public Accounts has completed the Hardin County Sheriff's audit for calendar year 2000. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly, in all material respects.

Financial Condition:

The Sheriff's statement of receipts and disbursements reflected gross receipts of \$1,772,934 and total disbursements of \$73,361, resulting in net receipts of \$1,699,573. This amount was properly paid to the State Treasurer (\$1,516,485 to 75% Operating Fund and \$183,088 to 25% County Fund).

The Sheriff's statement of receipts, disbursements, and fund balances of the Sheriff's Operating Fund and County Fund with the State Treasurer reflected the following:

Operating Fund:

Beginning fund balance of (\$177,731), receipts of \$1,516,485, disbursements of \$1,404,710 and ending fund balance of (\$65,956) on December 31, 2000.

County Fund:

Beginning fund balance of \$0, Receipts of \$183,088, Payments to Hardin County Government of \$183,088 and ending fund balance of \$0 on December 31, 2000.

Debt Obligations:

The Sheriff's only debt as of December 31, 2000, was a lease agreement on a copy machine. The lease had a remaining balance of \$3,818, which represented 38 monthly installments.

Deposits:

As of December 31, 2000, the Sheriff's deposits were fully insured or collateralized at a 100% level with securities held by the county official's agent in the county official's name.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Glen D. Dalton, Hardin County Judge/Executive
Honorable Martha Thomas, Hardin County Sheriff
Members of the Hardin County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the late Sheriff, Robert E. Thomas, of Hardin County, Kentucky, and the statement of receipts, disbursements, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer for the year ended December 31, 2000. These financial statements are the responsibility of the County Sheriff. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff prepares the financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, the accompanying financial statements are not intended to present results of operations in conformity with generally accepted accounting principles.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff and the receipts, disbursements, and fund balances of the County Sheriff's operating fund and county fund with the State Treasurer for the year ended December 31, 2000, in conformity with the basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Glen D. Dalton, County Judge/Executive
Honorable Martha Thomas, Hardin County Sheriff
Members of the Hardin County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated June 12, 2001, on our consideration of the County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral report of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett".

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
June 12, 2001

HARDIN COUNTY
ROBERT E. THOMAS, SHERIFF
STATEMENT OF RECEIPTS AND DISBURSEMENTS

Calendar Year 2000

Receipts

Federal Grant:

Universal Hiring Program	\$	129,109
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State Grants:

Juvenile Advocate Pay	\$ 23,300	
Kentucky Law Enforcement Foundation Program Fund-Incentive Pay	89,098	112,398

State Fees for Services		161,884
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Circuit Court Clerk		122,482
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Fiscal Court		231,513
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County Clerk		14,547
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Commission on Taxes		643,911
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Fees Collected for Services:

Auto Inspections	\$ 45,489	
Serving Papers	77,865	
Executions	23,437	
Carrying Concealed Deadly Weapon Permits	53,780	
Sheriff's Advertising Fees	100,070	
Transport Prisoners	20,921	
Record Checks	918	
Arrest Fees	929	323,409

Other Receipts:

Mortgage Company Fees	\$ 2,789	
Interest Earned	21,996	
Insurance Claim	4,367	
Bond Refund	51	
Other Refunds	4,478	33,681

Gross Receipts (Carried Forward)	\$	1,772,934
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HARDIN COUNTY
 ROBERT E. THOMAS, SHERIFF
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 Calendar Year 2000
 (Continued)

Gross Receipts (Brought Forward)			\$ 1,772,934
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Disbursements

Payments to State:

Carrying Concealed Deadly Weapon Permits		\$ 31,795	
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Other Disbursements:

Executions	\$ 22,791		
Extradition Costs	<u>18,775</u>	<u>41,566</u>	

Total Disbursements			<u>73,361</u>
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Net Receipts			\$ 1,699,573
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Payments to State Treasurer:

75% Operating Fund	* \$ 1,516,485		
25% County Fund - Excess Fees	<u>183,088</u>	<u>1,699,573</u>	

Balance Due at Completion of Audit			<u>\$ 0</u>
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* Includes reimbursed expenses and fiscal court supplements to the Sheriff of \$967,220 for the audit period. See Note 1 to the Financial Statements.

The accompanying notes are an integral part of the financial statements.

HARDIN COUNTY
 ROBERT E. THOMAS, SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES OF THE
SHERIFF'S OPERATING FUND AND COUNTY FUND WITH THE STATE TREASURER

Calendar Year 2000

	75% Operating Fund	25% County Fund	Totals
Fund Balance - January 1, 2000	\$ (177,731)	\$ 0	\$ (177,731)
<u>Receipts</u>			
Fees Paid to State - Operating Funds (75%)	1,516,485		1,516,485
Fees Paid to State - County Funds (25%)		183,088	183,088
Total Funds Available	<u>\$ 1,338,754</u>	<u>\$ 183,088</u>	<u>\$ 1,521,842</u>
<u>Disbursements</u>			
Hardin County Government	\$	\$ 183,088	\$ 183,088
Personal Services-			
Official's Statutory Maximum	80,198		80,198
Deputies' Salaries	822,439		822,439
Employee Benefits-			
Retirement	135,793		135,793
Social Security	59,484		59,484
Health Insurance	41,226		41,226
Contracted Services-			
Advertising	14,720		14,720
Vehicle Maintenance	32,426		32,426
Materials and Supplies-			
Uniforms	8,218		8,218
Uniform Maintenance	5,870		5,870
Gasoline	24,539		24,539
Other Charges-			
Canine	467		467
Data Processing	732		732
Postage	21,871		21,871
Radio Maintenance	6,085		6,085
Video Arraignment	8,559		8,559
Tires	4,383		4,383
Training and Travel	5,149		5,149
Transport	508		508
Pager Rental	343		343

HARDIN COUNTY
 ROBERT E. THOMAS, SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 FUND BALANCES OF THE SHERIFF'S OPERATING
 FUND AND COUNTY FUND WITH THE STATE TREASURER
 Calendar Year 2000
 (Continued)

	75% Operating Fund	25% County Fund	Totals
<u>Disbursements</u> (Continued)			
Other Charges- (Continued)			
Parking Fees	220		220
Office Expense	20,068		20,068
Law Enforcement Supplies	7,353		7,353
Life Insurance	1,310		1,310
Phone Service	16,560		16,560
Bond, Insurance, and Dues	41,728		41,728
Capital Outlay-			
Computer Hardware	5,609		5,609
Communication Equipment	2,692		2,692
Office Equipment	5,345		5,345
Vehicles	30,815		30,815
Total Disbursements	\$ 1,404,710	\$ 183,088	\$ 1,587,798
Fund Balance - December 31, 2000	\$ (65,956)	\$ 0	\$ (65,956)

The accompanying notes are an integral part of the financial statements

HARDIN COUNTY
ROBERT E. THOMAS, SHERIFF
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a Sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected is deposited to the county fiscal court fund and periodically paid to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2000.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

HARDIN COUNTY
 ROBERT E. THOMAS, SHERIFF
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2000
 (Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 4.28 percent. Hazardous covered employees are required to contribute 8.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 17.55 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. The Sheriff met the requirements stated above, and as of December 31, 2000, deposits were fully insured or collateralized at a 100% level with securities held by the county official's agent in the county official's name.

Note 4. Leases

The Sheriff is committed to the following lease agreement as of December 31, 2000:

Item Purchased	Monthly Payment	Term of Agreement	Ending Date	Principal Balance December 31, 2000
Copier	\$ 212	48 Months	1/31/2003	\$ 3,818

HARDIN COUNTY
ROBERT E. THOMAS, SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2000
(Continued)

Note 5. Health Insurance Premiums

KRS 61.405 allows county fee officials to purchase twelve (12) months of health insurance coverage for their employees, if excess fees are available. Therefore, the expenditures are allowable. The Attorney General has issued opinion 92-108, which claims the statute is unconstitutional and discriminatory. The Attorney General also issued OAG 94-11 on February 25, 1994, stating health or medical insurance provided uniquely for an official and not in connection with a government program providing benefits to all county employees would be personal in nature.

Note 6. Kentucky Law Enforcement Foundation Program Fund

The Hardin County Sheriff's office participates in the Kentucky Law Enforcement Foundation Program Fund. Under the program, grant funding is available as incentive pay through the Commonwealth of Kentucky Department of Criminal Justice Training. Per KRS 15.460, an eligible officer is entitled to receive an annual maximum of \$2,750. During calendar year 2000, the Hardin County Sheriff's office received and expended \$81,556, of which \$69,380 was incentive pay and \$12,176 was retirement matching.

Note 7. Drug Abuse Resistance Education Fund

The Sheriff had a Drug Abuse Resistance Education Fund, which had a beginning balance of \$343; receipts of \$439; and disbursements of \$648; leaving a balance at December 31, 2000, of \$134.

Note 8. Drug Fund

The Sheriff had a drug fund account, which had a beginning balance of \$2,005; receipts of \$0; and disbursements of \$222; leaving a balance at December 31, 2000, of \$1,783.

Note 9. TRIAD Fund

The Sheriff had a TRIAD Fund, which had a beginning balance of \$0; receipts of \$650; and disbursements of \$440; leaving a balance at December 31, 2000, of \$210. TRIAD is an organization of local law enforcement and senior citizens to reduce crime against the elderly.

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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



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Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the Hardin County Sheriff for the year ended December 31, 2000, and have issued our report thereon dated June 12, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Hardin County Sheriff's financial statements for the year ended December 31, 2000, are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Hardin County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
June 12, 2001

